

October 12, 2009

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, KY 40602

RECEIVED
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PUBLIC SERVICE
COMMISSION

RE: Kentucky PSC Case Number: 2009-00171 (Big Bear Wastewater, Inc.)

Dear Sir or Madam:

My husband and I own unit 4C, one of the 24 condominium units that make up the Treetops Condominium Association at Big Bear Resort in Benton, KY. We are opposed to the 77.5% sewer rate increase since we believe growth in the utility's customer base has provided adequate income growth.

In the Alternative Rate Filing Application that Richard Meier submitted on April 27, 2009, he states on page six that Big Bear Wastewater has not had a rate increase since 2000. The statement in itself is correct, however, if you compare the utility's customer base in the year 2000, to the current customer base, there has been a substantial increase in revenue. Meier provided the following customer base data to justify the increase he was granted in the year 2000:

60 customers for 12 months of the year, and 13 customers for 8 months of the year, for a total customer base of 73. This information can be found on page 116 of Kentucky PSC Case #99-114 (A copy of the page is attached).

In Meier's current Rate Filing Application, PSC Case #2009-00171, the following customer base data is provided:

66 customers for 12 months of the year and 29 customers for 8 months of the year, for a total customer base of 95. This information can be found on page 5 of Meier's current application (copy of page attached).

95 customers / 73 customers = 30.1% increase in the customer base during this time.

We do not understand Meier's numbers since four of the six Treetops Condominium Buildings were constructed after the year 2000. At four condo units per building, the 12 month customer base should have increased by at least 16 instead of the 6 that Meier shows in his applications. Also, a restaurant was added during this time frame, and there is a coin operated laundry room that, as far as we can tell, has not been accounted for. We have no idea what caused the eight month customer base to increase from 13 to 29; nor do we understand the concept of eight month customers.

Thank you for your time and consideration of this matter.

Sincerely,

A handwritten signature in cursive script that reads "Ann Webb". The letters are fluid and connected, with a prominent loop at the end of the word "Webb".

Ann Webb
106 Treetops Lane 4C
Benton, KY 42025

Attachments: 2

ATTACHMENT A
STAFF REPORT CASE NO. 99-114
BIG BEAR'S REQUESTED AND STAFF'S RECOMMENDED OPERATIONS

A) Sewer Service Revenues. Big Bear reported test year operating revenues of \$22,629. Staff increased test year revenue to \$24,308 so that pro forma operations at present rates would reflect the number of customers hooked onto the system at the end of the test year. The amount was calculated as follows:

Revenue from full year customers (60 customers x 12 months x \$29.50 current rate)	\$21,240.00
Revenue from seasonal customers (13 customers x 8 months x \$29.50 current rate)	<u>3,068.00</u>
Total	<u>\$24,308.00</u>

B) Salaries and Wages. Test year salaries expense of \$9,130 was increased by \$446 to reflect the following current pay levels:

Dick Eastham (Plant Operator)	\$2,676.00
Robert Eastham (Plant Operator)	1,500.00
Rhonda Brandon (Office)	600.00
Janet Caldemier (Bookkeeping)	1,200.00
Richard Meier (Owner/Manager Fee)	<u>3,600.00</u>
Total	<u>\$9,576.00</u>

The salary levels listed above were approved by this Commission in Big Bear's previous rate case (Case No. 97-245) except for that of Robert Eastham. Robert and Dick Eastham are both certified wastewater plant operators and their combined annual salary was \$4,176. Based on Staff's prior experience with similarly situated small wastewater utilities, Staff is of the opinion that the salary levels included in pro forma operations are reasonable including that of Robert Eastham and recommends that they be accepted in this case.

C) Sludge Hauling. Test year sludge hauling was reported at \$2,060. This amount was excessive relative to the three prior years of operation. Sludge hauling for the years 1997, 1996, and 1995 was reported at \$800, \$0, and \$500, respectively. To normalize

but should the Commission mandate backup generation, we would seek to recover this cost.

In an ideal world, Big Bear Wastewater, Inc. would also have backup treatment capacity, although this application does not include a request to recover the cost of backup capacity. In the event of a catastrophic event or the mere failure of the operation, there is currently no backup facility to divert the effluent to while repairs are being expedited on the existing plant. There is a diverter box already in place where untreated waste could already be diverted into a backup plant. The original 12,000 gallon plant currently exists but is beyond repair. The secondary benefit of this would allow this facility at times of low flow, namely the months of October through March, to treat its wastewater by using the backup capacity. This would use considerably less energy – a Green effect – because only one motor would be used instead of four. It would also extend the life of the existing plant and allow us to do major repairs during the off season.

Big Bear in this application is also requesting to reduce the longstanding subsidy whereby many of its sewer utility expenses are paid for and not reimbursed by its resort operations.

2) Total number of Customers as of the date of filing: 66 (4 winter months), 95 (8 months)

3) Total amount of increased revenue requested: \$15,948/yr. in Phase 1; \$20,021/yr. in Phase 2; and \$24,094/yr. in Phase 3.

4) Please circle Yes or No:

a) Does the utility have any outstanding indebtedness? Yes No

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

b) Were all revenues and expenses listed in the Annual Report for 2007 incurred and collected from January 1 to December 31 of that year? Yes No

If no, list total revenues and total expenses incurred prior to or